

Internal Revenue Service

Department of the Treasury

**District
Director**

P.O. Box 1690, GPO Brooklyn, N.Y. 11202

Date: DEC 02 1986

Person to Contact:

Contact Telephone Number:

Refer Reply to:

CERTIFIED MAIL

Dear Applicant:

We have considered your application for recognition of exemption under section 501(c)(6) of the Internal Revenue Code.

The evidence presented disclosed that you were incorporated on [REDACTED] under the general not-for-profit corporation act in the state of [REDACTED].

The purposes for which the corporation was formed are "To foster and promote retail trade and commerce in connection with the products and services of the members, and to protect the same from unjust and unlawful exactions and impositions; To foster and promote the interests of those persons, firms and corporations engaged in the retailing of [REDACTED] vehicles; To conduct and operate means and places of disseminating information relative to the use of motor vehicles and to promote the sale of motor vehicles, and for such purposes to establish, conduct and manage advertising campaigns, exhibitions, displays, tests, trials and demonstrations; To promote the establishment and maintenance of a high standard of business ethics by members of the corporation and by all other automobile dealers and to discourage the use of false or misleading advertising or any other business practice which may be detrimental to the public and to the retail automobile industry; To conduct activities which are of mutual benefit to the members in professional, commercial and trade endeavors including the provision of goods and services appurtenant thereto; To generally exercise all of the powers set forth in [REDACTED] Revised Statutes Chapter [REDACTED] Section [REDACTED] as now existing or hereafter amended."

Your activities include providing advertising and promotion campaigns, exhibitions and demonstrations. The membership in your organization is limited to those retailing [REDACTED] vehicles in the United States of America.

Section 501(c)(6) of the Code provides for the exemption from Federal income tax of business leagues not organized for profit, no part of the net earnings of which inures to the benefit of any private shareholder or individual.

Section 1.501(c)(6)-1 of the Income Tax Regulations defines a business league as an association of persons having some common business interest, the purpose of which is to promote such common interest. Its activities should be directed towards the improvement of business conditions in one or more lines of business as distinguished from the performance of particular services for individual persons.

In Revenue Ruling 68-182, 1968-1 C.B. 263 it is held that organizations promoting a single brand or product within a line of business do not qualify for exemption from Federal income tax under section 501(c)(6) of the Code.

In the case of National Muffler Dealers Association v. U.S. 440 U.S. 472 (1979) the court held that an association of a particular brand name of muffler dealers does not qualify for exemption because the association is not engaged in the improvement of business conditions of a line of business.

An IRC 501(c)(6) organization's primary activity cannot be performing particular services for members.

Since your organization is organized and operated to further the business interests of [REDACTED] dealers in the United States of America rather than the improvement of business conditions of one or more lines of business, you fail to meet the requirements of section 501(c)(6) of the Code.

Accordingly, we conclude that you do not meet the requirements for exempt status under section 501(c)(6) of the code and propose to deny your request for exemption under that section.

We have also determined that you fail to qualify for exempt status under any other subsection of IRC 501(c).

You are required to file a taxable return Form 1040 or 1041 with the District Director of Internal Revenue Service. Please send the return to the Internal Revenue Service, P.O. Box 1680, General Post Office, Brooklyn, NY 11202.

If you do not agree with this determination, you may protest in accordance with the enclosed instructions within 30 days.

Protests submitted which do not contain all the documentation stated in the instructions will be returned for completions.

If we do not hear from you within that time, this determination will become final.



District Director

Enclosure: Publication 892